

**F-1 BALANCE SHEET**  
**Assets and Other Debits**

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	2008 Lewis Financing Adjustments (d)	Adjusted Year End Balance (e)	2008 SRF Fin/Step Adjustments (f)	Adjusted Year End Balance (g)
<b>UTILITY PLANT</b>						
1	Utility Plant (101-106)	\$ 10,790,925	\$ 165,330	\$ 10,956,255	\$ 1,078,885	\$ 12,035,140
2	Less: Accumulated Depr. and Amort. (108-110)	\$ 2,464,572	11,375	2,475,947	12,199	2,488,146
3	Net Plant	\$ 8,326,353	\$ 153,955	\$ 8,480,308	\$ 1,066,686	\$ 9,546,994
4	Utility Plant Acquisition Adj. (Net) (114-115)					
5	Total Net Utility Plant	\$ 8,326,353	\$ 153,955	\$ 8,480,308	\$ 1,066,686	\$ 9,546,994
<b>OTHER PROPERTY AND INVESTMENTS</b>						
6	Nonutility Property (121)					
7	Less: Accumulated Depr. and Amort. (122)					
8	Net Nonutility Property					
9	Investment in Associated Companies (123)					
11	Utility Investments (124)					
12	Other Investments					
13	Special Funds(126-128)					
14	Total Other Property & Investments					
<b>CURRENT AND ACCRUED ASSETS</b>						
16	Cash (131)	23,596	392	23,988	(315)	23,673
17	Special Deposits (132)					
18	Other Special Deposits (133)					
19	Working Funds (134)					
20	Temporary Cash Investments (135)					
21	Accounts and Notes Receivable-Net (141-144)	78,435		78,435		78,435
22	Accounts Receivable from Assoc. Co. (145)					
23	Notes Receivable from Assoc. Co. (146)					
24	Materials and Supplies (151-153)					
25	Stores Expense (161)					
26	Prepayments-Other (162)	10,043		10,043		10,043
27	Prepaid Taxes (163)	18,934		18,934		18,934
28	Interest and Dividends Receivable (171)					
29	Rents Receivable (172)					
30	Accrued Utility Revenues (173)	167,373		167,373		167,373
31	Misc. Current and Accrued Assets (174)					
32	Total Current and Accrued Assets	\$ 298,381	\$ 392	\$ 298,773	\$ (315)	\$ 298,458
<b>DEFERRED DEBITS</b>						
32	Unamortized Debt Discount & Expense (181)					
33	Extraordinary Property Losses (182)					
34	Prelim. Survey & Investigation Charges (183)					
35	Clearing Accounts (184)					
36	Temporary Facilities (185)					
37	Miscellaneous Deferred Debits (186)	53,818	3,533	60,351	10,450	70,801
38	Research & Development Expenditures (187)					
39	Accumulated Deferred Income Taxes (190)	26,227		26,227		26,227
40	Total Deferred Debits	\$ 83,045	\$ 3,533	\$ 86,578	\$ 10,450	\$ 97,028
<b>TOTAL ASSETS AND OTHER DEBITS</b>		<b>\$ 8,707,779</b>	<b>\$ 157,880</b>	<b>\$ 8,865,659</b>	<b>\$ 1,076,821</b>	<b>\$ 9,942,480</b>

**F-1 BALANCE SHEET**  
**Equity Capital and Liabilities**

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	2008 Lewis Fin. Adjustments (d)	Adjusted Year End Balance (e)	2008 SRF Fin Step Adjust (f)	Adjusted Year End Balance (g)
<b>EQUITY CAPITAL</b>						
1	Common Stock Issued (201)	\$ 16,767		\$ 16,767		\$ 16,767
2	Preferred Stock Issued (204)					
3	Capital Stock Subscribed (202,205)					
4	Stock Liability for Conversion (203, 206)					
5	Premium on Capital Stock (207)					
6	Installments Received On Capital Stock (208)					
7	Other Paid-In Capital (209,211)	1,113,401		1,113,401		1,113,401
8	Discount on Capital Stock (212)					
9	Capital Stock Expense (213)					
10	Retained Earnings (214-215)	(1,413,934)	10,643	(1,403,291)	5,234	(1,398,057)
11	Reacquired Capital Stock (216)					
12	Total Equity Capital	\$ (283,766)	\$ 10,643	\$ (273,123)	\$ 5,234	\$ (267,889)
<b>LONG TERM DEBT</b>						
13	Bonds (221)					
14	Reacquired Bonds (222)					
15	Advances from Associated Companies (223)					
16	Other Long-Term Debt (224)	3,205,855	147,237	3,353,092	1,061,968	4,415,060
17	Total Long-Term Debt	\$ 3,205,855	\$ 147,237	\$ 3,353,092	\$ 1,061,968	\$ 4,415,060
<b>CURRENT AND ACCRUED LIABILITIES</b>						
18	Accounts Payable (231)	51,947		51,947		51,947
19	Notes Payable (232)					
20	Accounts Payable to Associated Co. (233)	990,353		990,353		990,353
21	Notes Payable to Associated Co. (234)					
22	Customer Deposits (235)					
23	Accrued Taxes (236)	(486)		(486)		(486)
24	Accrued Interest (237)	65,694		65,694		65,694
25	Accrued Dividends (238)					
26	Matured Long-Term Debt (239)					
27	Matured Interest (240)					
28	Misc. Current and Accrued Liabilities (241)	(423)		(423)		(423)
29	Total Current and Accrued Liabilities	\$ 1,107,085		\$ 1,107,085		\$ 1,107,085
<b>DEFERRED CREDITS</b>						
30	Unamortized Premium on Debt (251)					
31	Advances for Construction (252)					
32	Other Deferred Credits (253)					
33	Accumulated Deferred Investment Tax Credits (255)					
34	Accumulated Deferred Income Taxes:					
35	Accelerated Amortization (281)					
36	Liberalized Depreciation (282)					
37	Other (283)					
38	Total Deferred Credits					
<b>OPERATING RESERVES</b>						
39	Property Insurance Reserve (261)					
40	Injuries and Damages Reserve (262)					
41	Pensions and Benefits Reserves (263)					
42	Miscellaneous Operating Reserves (265)					
43	Total Operating Reserves	\$ -		\$ -		
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>						
44	Contributions In Aid of Construction (271)	6,337,208		6,337,208	9,729	6,346,937
45	Accumulated Amortization of C.I.A.C. (272)	1,658,603		1,658,603	110	1,658,713
46	Total Net C.I.A.C.	\$ 4,678,605	\$ -	\$ 4,678,605	\$ 9,619	\$ 4,688,224
46	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>	<b>\$ 8,707,779</b>	<b>\$ 157,880</b>	<b>\$ 8,865,659</b>	<b>\$ 1,076,821</b>	<b>\$ 9,942,480</b>

## F-2 STATEMENT OF INCOME

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	2008LewisFin. Adjustments (d)	Adjusted Year End Balance (e)	2008SRFFin. Step Adjust (f)	Adjusted Year End Balance (g)
	<b>UTILITY OPERATING INCOME</b>					
1	Operating Revenues(400)	\$ 1,268,877	\$ 39,144	\$ 1,308,021	\$ 80,976	\$ 1,388,997
2	Operating Expenses:					
3	Operating and Maintenance Expense (401)	828,524		828,524	11,000	839,524
4	Depreciation Expense (403)	332,650	11,375	344,025	12,199	356,224
5	Amortization of Contribution in Aid of Construction (405)	(168,604)		(168,604)	(110)	(168,714)
6	Amortization of Utility Plant Acquisition Adjustment (406)					
7	Amortization Expense-Other (407)					
8	Taxes Other Than Income (408.1-408.13)	105,123	3,596	108,719	23,883	132,602
9	Income Taxes (409.1, 410.1, 411.1, 412.1)	3,934	97	4,031	210	4,241
10	<b>Total Operating Expenses</b>	<b>\$ 1,101,627</b>	<b>\$ 15,068</b>	<b>\$ 1,116,695</b>	<b>\$ 47,182</b>	<b>\$ 1,163,877</b>
11	Net Operating Income (Loss)	167,250	24,076	191,326	33,794	225,120
12	Income From Utility Plant Leased to Others (413)					
13	Gains(Losses) From Disposition of Utility Property (414)					
14	<b>Net Water Utility Operating Income</b>	<b>\$ 167,250</b>	<b>\$ 24,076</b>	<b>\$ 191,326</b>	<b>\$ 33,794</b>	<b>\$ 225,120</b>
	<b>OTHER INCOME AND DEDUCTIONS</b>					
15	Revenues From Merchandising, Jobbing and Contract Work (415)					
16	Costs and Expenses of Merchandising, Jobbing and Contract Work (416)					
17	Equity in Earnings of Subsidiary Companies (418)					
18	Interest and Dividend Income (419)					
19	Allow. for funds Used During Construction (420)					
20	Nonutility Income (421)					
21	Gains (Losses) Form Disposition Nonutility Property (422)					
22	Miscellaneous Nonutility Expenses (426)					
23	<b>Total Other Income and Deductions</b>					
	<b>TAXES APPLICABLE TO OTHER INCOME</b>					
24	Taxes Other Than Income (408.2)					
25	Income Taxes (409.2, 410.2, 411.2, 412.2, 412.3)					
26	<b>Total Taxes Applicable To Other Income</b>					
	<b>INTEREST EXPENSE</b>					
27	Interest Expense (427)	154,183	12,966	167,149	28,010	195,159
28	Amortization of Debt Discount & Expense (428)		467	467	550	1,017
29	Amortization of Premium on Debt (429)					
30	<b>Total Interest Expense</b>	<b>\$ 154,183</b>	<b>\$ 13,433</b>	<b>\$ 167,616</b>	<b>\$ 28,560</b>	<b>\$ 196,176</b>
31	<b>Income Before Extraordinary Items</b>	<b>13,067</b>	<b>10,643</b>	<b>23,710</b>	<b>5,234</b>	<b>28,944</b>
	<b>EXTRAORDINARY ITEMS</b>					
32	Extraordinary Income (433)					
33	Extraordinary Deductions (434)					
34	Income Taxes, Extraordinary Items (409.3)					
35	<b>Net Extraordinary Items</b>					
	<b>NET INCOME (LOSS)</b>	<b>\$ 13,067</b>	<b>\$ 10,643</b>	<b>\$ 23,710</b>	<b>\$ 5,234</b>	<b>\$ 28,944</b>

**F-1 BALANCE SHEET**  
**Equity Capital and Liabilities**

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	2008LewisFin. Adjustments (d)	Adjusted Year End Balance (e)	2008SRFFin. Step Adjust (f)	Adjusted Year End Balance (g)
<b>EQUITY CAPITAL</b>						
1	Common Stock Issued (201)	\$ 16,767		\$ 16,767		\$ 16,767
2	Preferred Stock Issued (204)					
3	Capital Stock Subscribed (202,205)					
4	Stock Liability for Conversion (203, 206)					
5	Premium on Capital Stock (207)					
6	Installments Received On Capital Stock (208)					
7	Other Paid-In Capital (209,211)	1,113,401		1,113,401		1,113,401
8	Discount on Capital Stock (212)					
9	Capital Stock Expense(213)					
10	Retained Earnings (214-215)	(1,413,934)	10,643	(1,403,291)	5,234	(1,398,057)
11	Reacquired Capital Stock (216)					
12	Total Equity Capital	\$ (283,766)	\$ 10,643	\$ (273,123)	\$ 5,234	\$ (267,889)
<b>LONG TERM DEBT</b>						
13	Bonds (221)					
14	Reacquired Bonds (222)					
15	Advances from Associated Companies (223)					
16	Other Long-Term Debt (224)	3,205,855	147,237	3,353,092	1,061,968	4,415,060
17	Total Long-Term Debt	\$ 3,205,855	\$ 147,237	\$ 3,353,092	\$ 1,061,968	\$ 4,415,060
18	<b>TOTAL CAPITALIZATION</b>	\$ 2,922,089	\$ 157,880	\$ 3,079,969	\$ 1,067,202	\$ 4,147,171

Line No.	Account Title (Number) (a)	Current Year End Balance (c)	Lewis Fin. Adjustments (g)	Adjusted Year End Balance (f)	Lewis Fin. Adjustments (g)	Adjusted Year End Balance (f)
<b>EQUITY CAPITAL</b>						
1	Common Stock Issued (201)	0.57%	0.00%	0.54%	0.00%	0.40%
2	Preferred Stock Issued (204)					
3	Capital Stock Subscribed (202,205)					
4	Stock Liability for Conversion (203, 206)					
5	Premium on Capital Stock (207)					
6	Installments Received On Capital Stock (208)					
7	Other Paid-In Capital (209,211)	38.10%	0.00%	36.15%	0.00%	26.85%
8	Discount on Capital Stock (212)					
9	Capital Stock Expense(213)					
10	Retained Earnings (214-215)	-48.39%	6.74%	-45.56%	0.49%	-33.71%
11	Reacquired Capital Stock (216)					
12	Total Equity Capital	-9.71%	6.74%	-8.87%	0.49%	-6.46%
<b>LONG TERM DEBT</b>						
13	Bonds (221)					
14	Reacquired Bonds (222)					
15	Advances from Associated Companies (223)					
16	Other Long-Term Debt (224)	109.71%	93.26%	108.87%	99.51%	106.46%
17	Total Long-Term Debt	109.71%	93.26%	108.87%	99.51%	106.46%
18	<b>TOTAL CAPITALIZATION</b>	100.00%	100.00%	100.00%	100.00%	100.00%

**Hampstead Area Water Company****SPS-4****2008 SRF Financing and Step Increase****Journal Entries**

Dr.	131 Cash	1,100,885	
Cr.	224 Other Long Term Debt		1,100,885
To record receipt of cash and related debt obligations			

Dr.	101 Utility Plant in Service - Booster/Meter Station	38,790	
Dr.	101 Utility Plant in Service - Pumping/Metering Equipment	32,823	
Dr.	101 Utility Plant in Service - Mains	1,007,272	
Dr.	186 Miscellaneous Deferred Debits	22,000	
Cr.	131 Cash		1,100,885
To record the additions to plant and the expenditures of cash			

Dr.	403 Depreciation Expense	12,199	
Cr.	108 Accumulated Depreciation		12,199
To record annual depreciation on the additions to plant			

Dr.	408 Taxes other than Income - State Utility Prop. Tax	7,040	
Dr.	408 Taxes other than Income - Local Prop. Tax	16,843	
Dr.	409 State Business Enterprise Taxes	210	
Cr.	131 Cash		24,093
To record state utility property tax expense on additions to plant			

Dr.	224 Other Long Term Debt	38,917	
Dr.	427 Interest Expense	37,347	
Cr.	131 Cash		76,264
To record 1st year principal repayment and related interest expense			

Dr.	428 Amortization of Debt Expenses	550	
Cr.	186 Miscellaneous Deferred Debits		550
To record 1st year amortization of debt expenses			

Dr.	131 Cash	11,000	
Cr.	400 Operating Revenues		11,000
Dr.	928 Regulatory Commission Expense	11,000	
Cr.	186 Miscellaneous Deferred Debits		11,000
To record receipt of cash and expense related to recovery of step increase expenditures			

Dr.	131 Cash	69,976	
Cr.	400 Revenue		69,976
To record 1st year revenue			

Dr.	131 Cash	19,066	
Cr.	271 CIAC		9,729
Cr.	427 Interest Expense		9,337
To record 25% of SRF loan payment and related CIAC and reduction of interest			

Dr.	271 Accumulated Amortization of CIAC	110	
Cr.	405 Amortization of CIAC		110
To record amortization of CIAC for year 1 contribution			

Hampstead Area Water Company

SPS-5

2008 SRF Financing and Step Increase

<u>Plant / Depreciation</u>				2008 <u>Depr. Exp.</u>
304	Booster/Metering Station	\$38,790	2.50%	\$485
311	Pumping/Metering Equipment	32,823	10.00%	1,641
331	Main	1,007,272	2.00%	10,073
Total		<u>\$1,078,885</u>		<u>\$12,199</u>

Note: 2008 depreciation expenses reflects a half year depreciation.

<u>CIAC / Amortization</u>				2008 <u>Amort. Exp.</u>
304	Booster/Metering Station	(\$9,698)	2.50%	(\$121)
311	Pumping/Metering Equipment	(8,206)	10.00%	(410)
331	Main	(251,818)	2.00%	(2,518)
Total		<u>(\$269,721)</u>		<u>(\$3,050)</u>

Note: 2008 amortization expenses reflects a half year depreciation.

<u>CIAC / Amortization for Year 1</u>				2008 <u>Amort. Exp.</u>
304	Booster/Metering Station	(\$350)	2.50%	(\$4)
311	Pumping/Metering Equipment	(296)	10.00%	(15)
331	Main	(9,083)	2.00%	(91)
Total		<u>(\$9,729)</u>		<u>(\$110)</u>

Note: 2008 amortization expenses reflects a half year depreciation.

**Hampstead Area Water Company****SPS-6****2008 SRF Financing and Step Increase****State Property Taxes**

304	Booster/Metering Station	\$38,790
311	Pumping/Metering Equipment	32,823
331	Main	<u>1,007,272</u>
	Total Plant	\$1,078,885
108	Accumulated Depreciation	<u>12,199</u>
	Net Plant	<u>\$1,066,686</u>
	Thousand Dollars of Assessed Value	\$1,067
	Property Tax Rate	6.60
	State Property Taxes	<u>\$7,040</u>

**Local Property Taxes****Hampstead**

304	Booster/Metering Station	
311	Pumping/Metering Equipment	
331	Main	<u>410,161</u>
	Total Plant	\$410,161
108	Accumulated Depreciation	<u>4,102</u>
	Net Plant	<u>\$406,060</u>
	Thousand Dollars of Assessed Value	\$406
	Property Tax Rate	18.54
	Hampstead Property Taxes	<u>\$7,528</u>

**Atkinson**

304	Booster/Metering Station	\$38,790
311	Pumping/Metering Equipment	32,823
331	Main	<u>597,111</u>
	Total Plant	\$668,724
108	Accumulated Depreciation	<u>8,097</u>
	Net Plant	<u>\$660,627</u>
	Thousand Dollars of Assessed Value	\$661
	Property Tax Rate	14.10
	Atkinson Property Taxes	<u>\$9,315</u>

**State Business Enterprise Taxes**

Interest Expense	\$28,010
Business Enterprise Tax Rate	<u>0.75%</u>
Business Enterprise Taxes	<u>\$210</u>

**Total Taxes** **\$24,093**

**Hampstead Area Water Company****SPS-7****2008 SRF Financing and Step Increase****Calculation of Revenue Requirement**

	Estimated 2008
Addition to Rate Base:	
Plant Additions:	
Booster/Metering Station	\$38,790
Pumping/Metering Equipment	32,823
Main	<u>1,007,272</u>
Total Addition to Plant	\$1,078,885
Less: Accumulated Depreciation	<u>12,199</u>
Net Plant	\$1,066,686
Add: Cash Working Capital	
Contribution in Aid of Construction:	
Booster/Metering Station	(\$9,698)
Pumping/Metering Equipment	(8,206)
Main	<u>(251,818)</u>
Total Contribution in Aid of Construction	(\$269,721)
Less: Accumulated Amortization	<u>(3,050)</u>
Net CIAC	(\$266,672)
Total Additions to Rate Base	\$800,015
Rate of Return	<u>3.448%</u>
Additional Net Operating Income Required	\$27,585
Add: Operating and Maintenance Expenses	
Depreciation Expense	24,397
Amorization of CIAC	(6,099)
State Property Taxes	7,040
Local Property Taxes	16,843
Business Enterprise Taxes	<u>210</u>
Total Additional Revenue Required	\$69,976
2007 Total Income	<u>\$1,268,877</u>
Total Revenue Requirement after Additions	<u>\$1,338,853</u>
Percentage Increase	<u>5.51%</u>

Note: Amounts in this schedule are estimates and may change upon completion of the interconnection. When the actual amounts are known, the Company will submit such amounts for review and approval.

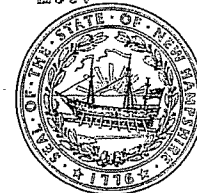




The State of New Hampshire

DEPARTMENT OF ENVIRONMENTAL SERVICES

RECEIVED DEC 31 2007



Thomas S. Burack, Commissioner

December 26, 2007

John Sullivan  
Hampstead Area Water Co.  
54 Sawyer Ave.  
Atkinson NH 03811

Subject: MWS Hampstead, Hampstead Area Water Co.  
System Interconnection Grant Application-Atkinson (SI 1031010)

Dear Mr. Sullivan:

This refers to your application for funding under the NH Water System Interconnection Grant program. The project was included on the FY 2008 Priority Ranking. A grant in the following amount was approved by the Governor and Executive Council on December 11, 2007:

Regional Water System Grant \$312,840.00

The grant program reimburses 25 percent of eligible costs for public water system interconnection projects, including planning, design and construction. Costs for projects funded through current revenues or cash on hand will be reimbursed no more frequently than monthly based on paid invoices or other verification of payment. Please use the attached form for requests for reimbursement of these non-amortized costs.

Amortized costs will be reimbursed in the month in which the water system makes payments on principal and interest. Please note that, for projects which receive grant support from other sources, NH Interconnection Grant payments will be adjusted to 25 percent of the local cost of the project. Please supply us with an updated bond schedule for this project if changes are made to the anticipated schedule submitted with the grant application.

Note that this office must review and approve preliminary reports, construction plans and specifications associated with this project. We must also issue authorization to advertise and authorization to award contracts based on information forwarded from the water system.

Please call me at 271-2953 ([rmann@des.state.nh.us](mailto:rmann@des.state.nh.us)) or Rick Skarinka at 271-2948 ([rskarinka@des.state.nh.us](mailto:rskarinka@des.state.nh.us)) if you have any questions.

Sincerely,

Robert Mann, PE  
Drinking Water and Groundwater Bureau

cc. Rick Skarinka, PE

DES Web site: [www.des.nh.gov](http://www.des.nh.gov)

P.O. Box 95, 29 Hazen Drive, Concord, New Hampshire 03302-0095

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